5. (a) 'International Business is an extension of and variation of domestic business.' Evaluate the statement highlighting the difference between the two and the complexities associated with the international business. (9)

   (b) Explain the concept Of FDI highlighting its pros and cons. (9)

6. (a) Discuss the concept of MNC's in the era of international business. Highlight the problems faced by MNC's during operations. (10)

   (c) Explain the role and functioning of IMF. (8)

[This question paper contains 4 printed pages.]

Your Roll No...............

Sr. No. of Question Paper : 5752 **L**

Unique Paper Code : 2924000027

Name of the Paper : Introduction to International Business

Name of the Course : **BMS**

Semester : VI

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **5** questions.
3. **All** questions carry equal marks.

1. An Indian Car making company, imports automobile components from the USA worth USD 50,000.

   The following exchange rates are available :

   - Spot Rate: 1 USD = ₹92
   - 3-Month Forward Rate: 1 USD = ₹94

The company expects the rupee to depreciate after 3 months.

The company also exports spare parts to Europe worth EUR 30,000.

Current exchange rate :

- 1 EUR = ₹100

After 3 months, the euro exchange rate becomes:

- 1 EUR = ₹104

Additional Information :

- Import duty on US components = 10%
- Freight and insurance charges = ₹1,50,000

Calculate :

(a) Cost of imports in INR at spot rate

(b) Total import cost including duty and freight

(c) Payment under forward contract

(d) Gain/loss due to forward cover

(e) Export earnings before and after euro appreciation

(f) Net foreign exchange gain for the company

2. (a) Explain various modes of entry into international markets. Which mode would you recommend for a US based retail firm expanding into Asian markets and why? (9)

(b) Social and Cultural environment has a deep impact on the results and pace of international business. Explain this statement citing suitable examples. (9)

3. (a) "International Business is a step-by-step approach towards expansion." In light of the above statement highlight the stages of internationalization. (9)

(b) What is Foreign Exchange Rate? Discuss different types of Exchange rate regimes prevalent. (9)

4. (a) Economic Environment plays a major role in the decisions related to international business. Discuss this statement citing suitable examples. (9)

(b) Compare and contrast the Theory of national Competitive advantage and Product Life Cycle Theory. (9)